

104  
H.R. 3121

Y 4. IN 8/16: M 34

H.R. 3121, 104-2 Markup...

**MARKUP**  
BEFORE THE  
**COMMITTEE ON**  
**INTERNATIONAL RELATIONS**  
**HOUSE OF REPRESENTATIVES**  
**ONE HUNDRED FOURTH CONGRESS**

**SECOND SESSION**  
**ON**  
**H.R. 3121**

**MARCH 21, 1996**

Printed for the use of the Committee on International Relations



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Thursday, March 21, 1996:

Markup of H.R. 3121, To amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to make improvements to certain defense and security assistance provisions under those Acts, to authorize the transfer of naval vessels to certain foreign countries, and for other purposes. ....

1

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## APPENDIX

Text of H.R. 3121 .....

9

(III)



## MARKUP OF H.R. 3121

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THURSDAY, MARCH 21, 1996

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The committee met, pursuant to call, at 10 a.m., in room 2172, Rayburn House Office Building, Hon. Benjamin A. Gilman (chairman of the committee) presiding.

Chairman GILMAN. The Committee will be in order. Will we please close the doors?

The Committee on International Relations meets today in open session pursuant to notice to mark up two pieces of legislation, H.R. 3121, a bill to revise defense and security assistance authorities and to transfer naval vessels to certain countries, and H.R. 3107, the Iran Sanctions bill.

Our defense and security assistance/ship transfer legislation is relatively noncontroversial. I believe that we ought to be able to handle it now before we take up the Iran bill.

The chair lays the bill before the committee. The clerk will read the title of the bill.

CLERK. H.R. 3121, a bill to amend the Foreign Assistance Act of 1961 in the Arms Export Control Act, to make improvements to certain defense and security assistance provisions under those acts, to authorize the transfer of naval vessels to certain foreign countries and for other purposes.

Chairman GILMAN. The clerk will read the bill for amendment.

CLERK. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

Chairman GILMAN. Without objection, the bill will be considered as having been read in full and is open to amendment at any point.

[A copy of H.R. 3121 appears in the appendix.]

Chairman GILMAN. I would like to take a moment to explain the first bill that the members of the committee have before them. There are two titles to the bill. The first title, Defense and Security Assistance, is nearly identical to the text of the Title 31 of H.R. 1561 which the committee marked up and reported out last spring.

Title I amends authorities under the FAA and the AECA to revise and consolidate security assistance authorities, in particular by eliminating out-dated policy and statutory language. In addition, this bill moves provisions which have been carried on annual appropriations measures into permanent authorization law where they belong. In other words, Title I of the bill fulfills our responsibilities as the authorizing committee.

Title I is a testament to bipartisan cooperation. I am particularly pleased that the distinguished Ranking Democrat, the gentleman from Indiana, Mr. Hamilton, is an original cosponsor of the legislation. The bill also enjoys the support of both the Department of State and the Department of Defense.

Title II authorizes the transfer of ten ships to the following countries: to Egypt, 1 ship; to Mexico, 2 ships; to New Zealand, 1 ship; to Portugal, 1 ship; to Taiwan, 4 ships; and Thailand, 1 ship. Eight of these ships are being sold, one is being leased and one is a grant transfer, the one to Portugal.

The United States will incur no costs for the transfer of the naval vessels under this legislation. In addition to the revenue generated by the sale of eight of these ships, which amounts to more than \$70 million, Title II of this bill will also generate over \$500 million in revenue to the public treasury and private firms for the repair, reactivation, services, and future ammunition sales.

For those who remember the problems we have had on the last naval transfer legislation which included seven proposed grant transfers in one sale, I think you will agree that the Administration, and particularly, the Navy, has done a much better job this time around.

I commend the bill to the members of the committee and ask for your support.

I recognize Mr. Gejdensen.

Mr. GEJDENSEN. No comments, Mr. Chairman.

Chairman GILMAN. Mr. Brownback.

Mr. BROWNBACK. Thank you very much, Mr. Chairman. And let me begin by commending and congratulating you and the others that have worked so hard on reforming the Defense and Security Assistance Provisions of which this committee has jurisdiction. I think they make a lot of sense and it is a good approach to foreign policy, promoting global security and ensuring the security of U.S. citizens. However, the bill achieves these goals, while effectively reducing the amount of excess defense articles that will be transferred to our allies on a grant or a no-cost lease basis which I think is certainly important in these times of budgetary constraint. We need to use the grant and no-cost lease options sparingly so that these programs recover as much money for the taxpayers as possible.

I would appreciate it if a Defense Department representative could come forward, if possible, to answer a couple of questions I have about transferring of defense articles on this grant basis.

And, if you could identify yourself, I would appreciate that as well.

Mr. CAVES. Thank you. My name is John Caves and I am the Deputy Director of Plans for the Defense Security Assistance Agency. I will be happy to answer your questions, sir.

Mr. BROWNBACK. Thank you very much, I appreciate that.

And, if I could, and I will put this forward specifically because I would like a specific answer for the record on this, that when the Pentagon is evaluating whether to transfer defense articles on a grant basis, on a sales basis, what are the specific criteria that will be utilized to determine what the potential proceeds would be from a sale, what the likelihood of selling a defense article would be and

what the comparative foreign policy benefits that may accrue to the United States under a proposed transfer would be.

Mr. CAVES. Thank you, sir, yes.

Indeed, that is one of the requirements of the conditions of a grant transfer under the proposed legislation in this bill; to take into account those aspects. It is a very significant provision within the context of the bill.

First, if I just may say, of course, the United States transfers defense articles of any type and by any means, whether it be by grant or lease, only when the transfer is consistent with the national security and foreign policy interest.

And, second, other things being equal, it is preferable to sell defense articles than to transfer them on a grant basis.

Accordingly, excess defense articles should be transferred on a grant basis only when the recipient's acquisition of the defense article advances our own interest and when the recipient is not in a position to purchase such articles with its own funds, unless there were highly unusual and compelling foreign policy reasons to the contrary.

Mr. BROWNBACK. OK. And so it is going to be on the standard of a highly compelling foreign policy interest that you would only look to do these on a grant or a no-cost lease basis?

Mr. CAVES. Highly compelling basis to consider the grant transfer to a country that was not economically disadvantaged. For example, to a country not otherwise receiving U.S. grant assistance.

Mr. BROWNBACK. Let me ask as well, how will the Administration make a national security interest waiver determination when it is seeking to weigh the reimbursement, the depreciation cost for leased defense articles that have passed three-quarters of their normal service life?

Mr. CAVES. By way of background, if I might just note that under current law, when we lease a defense article of any age, we are required to recoup all U.S. Government costs. That would include depreciation, what we call "rent," because that is how we recoup it; the cost of restoration or replacement if it is damaged; and the cost to replace it if it is lost or destroyed while it is on the lease.

Under current law, however, none of those requirements are required to be applied to the lease of any defense article that has exceeded three-quarters of its current service life. Notwithstanding that exception in the current law, the Department of Defense requires lessees of any defense article, regardless of its age, to reimburse all cost to the U.S. Government associated with that lease.

The only exception that can be made is rent for articles that have passed three-quarters of their normal service life. Currently, and under that current law, the Department generally will waive the rental charge for such older defense articles. And under this proposed legislation, however, which would establish a new and higher standard, specifically, a requirement that we find that the lease of an older defense article at no rental costs, all other costs still have to be recouped, would have to be important to the national security interest. That is a new and higher standard and, therefore, we would have to determine it is important to U.S. national security interest.

In other words, we would have to identify a specific and important contribution of the lease at no rental cost of this older item to the achievement of a specific U.S. national security objective. This will result in the exercise of this waiver authority in significantly less instances than is currently the situation.

Mr. BROWNBAC. Can you walk me through the process that the Administration will employ to make this determination?

Mr. CAVES. Yes, sir. Lease recommendations and sales recommendations in the Department of Defense come up through the military departments who are actually responsible for the implementation programs pursuant to the policy guidance of the Office of the Secretary of Defense and the State Department. And they will give us the information as to relative importance of this to achieving their objectives and the broader policy objectives.

The Director of the Defense Security Assistance Agency makes the decisions on waivers, but he makes it only after the lease proposal, including the issue of whether or not the rental charge will be waived is coordinated with the regional policy office in the Office of the Secretary of Defense, the Department of State, and also within the Department of Defense, the Office of the Under Secretary of Defense for Acquisition and Technology which among other things looks at the industrial base and economic benefits and considerations with regard to leasing as opposed to some other means of transfer of such articles.

If all those bodies agree, then the Director of the Defense Security Assistance Agency will make the decision on whether or not to waive the rental costs for these older defense articles.

Mr. BROWNBAC. Mr. Chairman, thank you. And I thank the gentleman from the Defense Department.

The final point is that I just think we absolutely have to be as stringent and as tight as we can. If we are making changes throughout our Federal Government in being more prudent with our dollars, I think we clearly have to do the same here. And I think we in the past have been a bit reckless if not a great deal reckless and we are going to have to tighten that up.

I appreciate your answer.

Chairman GILMAN. Thank you.

Mr. Caves, before leaving the table, can you provide the committee with the information as to whether or not the Defense Department supports this measure?

Mr. CAVES. Yes, sir, I would be happy to, Mr. Chairman.

I would like to note that this proposed legislation—we do support it. If I just very briefly from my notes, this proposed legislation includes many of what I would call good government initiatives. They will improve the way that we implement the authorized military assistance and sales programs. And the Defense Department has been pursuing many of these initiatives for years and only the unrelated obstacles to enactment of a broader foreign assistance authorization legislation has stymied that effort.

The proposed legislation also authorizes the transfer of ships as requested by the Department. And although we have reservations on a few elements in this legislation, we support it strongly overall.

Chairman GILMAN. Thank you, Mr. Caves.

I would like to ask a State Department representative to come to the table and let us know what the views of the State Department is and at this time, I would like to welcome Ms. Barbara Larkin, who is a new Acting Assistant Secretary of State for Legislative Affairs. Ms. Larkin's predecessor, Wendy Sherman, recently left the Department for higher authority. And Ms. Larkin has been Deputy Assistant Secretary responsible for the Senate and before that was on the staff of Senator Sanford of North Carolina.

We welcome you to our committee and your new job, Ms. Larkin, we look forward to working with you.

Ms. LARKIN. Thank you.

Chairman GILMAN. Could you tell us, Ms. Larkin, how the State Department, what their views are on this measure?

Ms. LARKIN. Yes, Mr. Chairman, thank you very much for that nice introduction. This is the first time I have done this, so, I hope you will be patient with me.

The State Department supports this bill. We believe it contains many provisions which will advance our foreign policy objectives. In particular, the ship transfer authorizations will enable us to utilize ships no longer needed by the Navy and enhance our ability of key friends to meet their defense needs.

It also contains a number of provisions that harmonize and update many provisions in existing law, governing arms transfer programs. They have had strong bipartisan backing and we thank the committee very much for its efforts to get this enacted.

Chairman GILMAN. Thank you, Ms. Larkin.

Are there any additional comments, suggestions or amendments, or statements?

[No response.]

Chairman GILMAN. If not, I recognize the gentleman from Wisconsin, Mr. Roth, for a motion.

Mr. ROTH. Thank you, Mr. Chairman.

I move that the chairman or his designee be requested to seek consideration of H.R. 3121 on the suspension calendar.

Mr. MANZULLO. Mr. Chairman.

Chairman GILMAN. The question is now on the motion—

Mr. MANZULLO. Mr. Chairman.

Chairman GILMAN. Yes, Mr. Manzullo.

Mr. MANZULLO. I am sorry. I have a question I wanted to ask.

Chairman GILMAN. Mr. Manzullo.

Mr. MANZULLO. Ms. Larkin, maybe you could answer this question. We had a hearing and I realize you were not on board about 6 months ago when Mr. Brownback and I were very much concerned over the fact that these naval vessels were being given away to different countries. And I cannot remember the name of the admiral who testified at that time, but Mr. Brownback and I, I believe we came up with an amendment or a new bill to require the leasing of these vessels as opposed to their being given away. And my question is is this a bill that we are passing today in response to what Mr. Brownback and I had raised over the inquiry as to whether or not or as to why these vessels were being given away as opposed to being leased?

Chairman GILMAN. Ms. Larkin, I think the question is being addressed to you.

Mr. MANZULLO. Or perhaps a Defense witness might know that.

Ms. LARKIN. Yes. Mr. Manzullo, first, I think I would like to ask the Defense Department to comment on that. I think it is more appropriately within their jurisdiction.

Chairman GILMAN. Mr. Caves.

Mr. CAVES. Thank you, Mr. Chairman, Mr. Manzullo.

If I may restate the question as I understand it, sir, as I make sure I am responsive to it, were you asking whether we were giving these ships away under this proposed legislation here as opposed to selling them, sir?

Mr. MANZULLO. Well, maybe not these particular ships, but about 6 months ago, there was a hearing before this committee. It was a rather routine request by an admiral that several vessels be given away. And Mr. Brownback and I raised a concern at that time that the United States should not be giving away ships. In fact, one was being given to Kuwait which could afford to buy its own.

Mr. CAVES. Bahrain.

Mr. MANZULLO. Bahrain.

And then Mr. Brownback and I drew up an amendment that said that instead of giving these away, they should be leased. And my question is whether or not the lease and sale today of these vessels is related to what Mr. Brownback and I raised several months ago.

Mr. CAVES. Very much, sir. The package that was proposed and which is being covered in this legislation is very much informed by the counsel provided by the committee, of our experience with that recent or that previous package having to do with Perry Class frigates, of which was a large number of grant transfers.

We have understood what the committee and the Congress have said and, therefore, you will see that in this package which I believe includes a total of 10 ships, there is only one grant, sir. There are eight sales and one lease.

Mr. MANZULLO. Thank you very much, I appreciate that.

I would yield to Mr. Brownback if he had a question on that same thing. Sam.

Mr. BROWNBACK. That was some of the dialog that we went through a little bit earlier and we worked with the Defense Department to raise the standards so that we are just not giving away all this equipment when we ought to be getting something for it. And I think we are moving that way. I wish we would go further, but we have made some good steps in that direction.

Mr. MANZULLO. Thank you, Mr. Chairman.

Chairman GILMAN. Mr. Hamilton.

Mr. HAMILTON. Mr. Chairman, let me just pick up on Mr. Manzullo's point. I do think the Navy has responded constructively here to the concerns expressed by the Congress, and that this bill returns us to the more traditional package.

As I recall, when you were before us last time, you had a large number of grant ship transfers. In this package eight ships are sales, one is a lease, and only one is a grant.

Mr. CAVES. Yes, sir.

Mr. HAMILTON. And that grant goes to Portugal. And, of course, Portugal provides us very important access to facilities in the Atlantic. So I do think that the Navy's response to the questions

raised by the gentleman from Illinois and the gentleman from Kansas has been quite positive and moved in the right direction.

I support the bill, Mr. Chairman. I commend you for bringing it forward and I urge its adoption.

Chairman GILMAN. Thank you, Mr. Hamilton.

If there are no further questions on the motion, it has been raised by Mr. Roth to seek consideration on the suspension calendar.

Question is on the motion. As many as are in favor of the motion, signify by saying "aye."

[Chorus of ayes.]

Chairman GILMAN. As many as are opposed, signify by saying "no."

[Chorus of noes.]

Chairman GILMAN. The ayes appear to have it. The ayes do have it. The motion is agreed to. Further proceedings on the matter are postponed.

[Whereupon the committee proceeded to other business.]



# APPENDIX

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H.L.C.

104TH CONGRESS  
2D SESSION

**H. R. 3121**

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## IN THE HOUSE OF REPRESENTATIVES

Mr. GILMAN introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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## A BILL

To amend the Foreign Assistance Act of 1961 and the Arms  
Export Control Act to make improvements to certain  
defense and security assistance provisions under those  
Acts, to authorize the transfer of naval vessels to certain  
foreign countries, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 SECTION 1. TABLE OF CONTENTS.

4 The table of contents of this Act is as follows:

Sec. 1. Table of contents.

#### TITLE I—DEFENSE AND SECURITY ASSISTANCE

##### CHAPTER 1—MILITARY AND RELATED ASSISTANCE

Sec. 101. Terms of loans under the Foreign Military Financing program.

## 2

- Sec. 102. Additional requirements under the Foreign Military Financing program.
- Sec. 103. Drawdown special authorities.
- Sec. 104. Transfer of excess defense articles.
- Sec. 105. Excess defense articles for certain European countries.

## CHAPTER 2—INTERNATIONAL MILITARY EDUCATION AND TRAINING

- Sec. 111. Assistance for Indonesia.
- Sec. 112. Additional requirements.

## CHAPTER 3—ANTITERRORISM ASSISTANCE

- Sec. 121. Antiterrorism training assistance.
- Sec. 122. Research and development expenses.

## CHAPTER 4—NARCOTICS CONTROL ASSISTANCE

- Sec. 131. Additional requirements.
- Sec. 132. Notification requirement.
- Sec. 133. Waiver of restrictions for narcotics-related economic assistance.

## CHAPTER 5—OTHER PROVISIONS

- Sec. 141. Standardization of congressional review procedures for arms transfers.
- Sec. 142. Standardization of third country transfers of defense articles.
- Sec. 143. Increased standardization, rationalization, and interoperability of assistance and sales programs.
- Sec. 144. Definition of significant military equipment.
- Sec. 145. Elimination of annual reporting requirement relating to the Special Defense Acquisition Fund.
- Sec. 146. Cost of leased defense articles that have been lost or destroyed.
- Sec. 147. Designation of major non-NATO allies.
- Sec. 148. Certification thresholds.
- Sec. 149. Depleted uranium ammunition.
- Sec. 150. End-use monitoring of defense articles and defense services.
- Sec. 151. Brokering activities relating to commercial sales of defense articles and services.
- Sec. 152. Return and exchanges of defense articles previously transferred pursuant to the arms export control act.
- Sec. 153. National security interest determination to waive reimbursement of depreciation for leased defense articles.

## TITLE II—TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN COUNTRIES

- Sec. 201. Authority to transfer naval vessels.
- Sec. 202. Costs of transfers.
- Sec. 203. Expiration of authority.
- Sec. 204. Repair and refurbishment of vessels in United States shipyards.

## 3

1           **TITLE I—DEFENSE AND**  
2           **SECURITY ASSISTANCE**

3       **CHAPTER 1—MILITARY AND RELATED**  
4           **ASSISTANCE**

5   **SEC. 101. TERMS OF LOANS UNDER THE FOREIGN MILI-**  
6           **TARY FINANCING PROGRAM.**

7       Section 31(c) of the Arms Export Control Act (22  
8   U.S.C. 2771(c)) is amended to read as follows:

9       “(c) Loans available under section 23 shall be pro-  
10   vided at rates of interest that are not less than the current  
11   average market yield on outstanding marketable obliga-  
12   tions of the United States of comparable maturities.”.

13   **SEC. 102. ADDITIONAL REQUIREMENTS UNDER THE FOR-**  
14           **EIGN MILITARY FINANCING PROGRAM.**

15       (a) **FOREIGN MILITARY SALES.**—Section 21(h) of the  
16   Arms Export Control Act (22 U.S.C. 2761(h)) is amend-  
17   ed—

18           (1) in paragraph (1)(A), by inserting “or the  
19   Government of Israel” after “North Atlantic Treaty  
20   Organization”; and

21           (2) in paragraph (2), by striking “or to any  
22   member government of that Organization if that Or-  
23   ganization or member government” and inserting “,  
24   any member government of that Organization, or the  
25   Government of Israel, if the Organization, member

1 government, or Government of Israel, as the case  
2 may be,".

3 (b) AUDIT OF CERTAIN PRIVATE FIRMS.—Section 23  
4 of such Act (22 U.S.C. 2763) is amended by adding at  
5 the end the following new subsection:

6 “(f) For each fiscal year, the Secretary of Defense,  
7 as requested by the Director of the Defense Security As-  
8 sistance Agency, shall conduct audits on a  
9 nonreimbursable basis of private firms that have entered  
10 into contracts with foreign governments under which de-  
11 fense articles, defense services, or design and construction  
12 services are to be procured by such firms for such govern-  
13 ments from financing under this section.”.

14 (c) NOTIFICATION REQUIREMENT WITH RESPECT TO  
15 CASH FLOW FINANCING.—Section 23 of such Act (22  
16 U.S.C. 2763), as amended by this Act, is further amended  
17 by adding at the end the following new subsection:

18 “(g)(1) For each country and international organiza-  
19 tion that has been approved for cash flow financing under  
20 this section, any letter of offer and acceptance or other  
21 purchase agreement, or any amendment thereto, for a pro-  
22 curement of defense articles, defense services, or design  
23 and construction services in excess of \$100,000,000 that  
24 is to be financed in whole or in part with funds made avail-  
25 able under this Act or the Foreign Assistance Act of 1961

1 shall be submitted to the congressional committees speci-  
 2 fied in section 634A(a) of the Foreign Assistance Act of  
 3 1961 in accordance with the procedures applicable to  
 4 reprogramming notifications under that section.

5 “(2) For purposes of this subsection, the term ‘cash  
 6 flow financing’ has the meaning given such term in the  
 7 second subsection (d) of section 25.”.

8 (d) LIMITATIONS ON USE OF FUNDS FOR DIRECT  
 9 COMMERCIAL CONTRACTS.—Section 23 of such Act (22  
 10 U.S.C. 2763), as amended by this Act, is further amended  
 11 by adding at the end the following new subsection:

12 “(h) Of the amounts made available for a fiscal year  
 13 to carry out this section, not more than \$100,000,000 for  
 14 such fiscal year may be made available for countries other  
 15 than Israel and Egypt for the purpose of financing the  
 16 procurement of defense articles, defense services, and de-  
 17 sign and construction services that are not sold by the  
 18 United States Government under this Act.”.

19 (e) ANNUAL ESTIMATE AND JUSTIFICATION FOR  
 20 SALES PROGRAM.—Section 25 of such Act (22 U.S.C.  
 21 2765) is amended—

22 (1) by striking the “and” at the end of para-  
 23 graph (11);

24 (2) by redesignating paragraph (12) as para-  
 25 graph (13); and

1           (3) by inserting after paragraph (11) the fol-  
2       lowing new paragraph:

3           “(12)(A) a detailed accounting of all articles,  
4       services, credits, guarantees, or any other form of  
5       assistance furnished by the United States to each  
6       country and international organization, including  
7       payments to the United Nations, during the preced-  
8       ing fiscal year for the detection and clearance of  
9       landmines, including activities relating to the fur-  
10      nishing of education, training, and technical assist-  
11      ance for the detection and clearance of landmines;  
12      and

13          “(B) for each provision of law making funds  
14      available or authorizing appropriations for demining  
15      activities described in subparagraph (A), an analysis  
16      and description of the objectives and activities un-  
17      dertaken during the preceding fiscal year, including  
18      the number of personnel involved in performing such  
19      activities; and”.

20   SEC. 103. DRAWDOWN SPECIAL AUTHORITIES.

21          (a) UNFORESEEN EMERGENCY DRAWDOWN.—Sec-  
22      tion 506(a)(1) of the Foreign Assistance Act of 1961 (22  
23      U.S.C. 2318(a)(1)) is amended by striking “\$75,000,000”  
24      and inserting “\$100,000,000”.

## 7

1 (b) ADDITIONAL DRAWDOWN.—Section 506 of such  
2 Act (22 U.S.C. 2318) is amended—

3 (1) in subsection (a)(2)(A), by striking “defense  
4 articles from the stocks” and all that follows and in-  
5 serting the following: “articles and services from the  
6 inventory and resources of any agency of the United  
7 States Government and military education and  
8 training from the Department of Defense, the Presi-  
9 dent may direct the drawdown of such articles, serv-  
10 ices, and military education and training—

11 “(i) for the purposes and under the au-  
12 thorities of—

13 “(I) chapter 8 of part I (relating to  
14 international narcotics control assistance);

15 “(II) chapter 9 of part I (relating to  
16 international disaster assistance); or

17 “(III) the Migration and Refugee As-  
18 sistance Act of 1962; or

19 “(ii) for the purpose of providing such arti-  
20 cles, services, and military education and train-  
21 ing to Vietnam, Cambodia, and Laos as the  
22 President determines are necessary—

23 “(I) to support cooperative efforts to  
24 locate and repatriate members of the Unit-  
25 ed States Armed Forces and civilians em-

1           ployed directly or indirectly by the United  
2           States Government who remain unac-  
3           counted for from the Vietnam War; and

4           “(II) to ensure the safety of United  
5           States Government personnel engaged in  
6           such cooperative efforts and to support De-  
7           partment of Defense-sponsored humani-  
8           tarian projects associated with such ef-  
9           forts.”;

10          (2) in subsection (a)(2)(B), by striking  
11          “\$75,000,000” and all that follows and inserting  
12          “\$150,000,000 in any fiscal year of such articles,  
13          services, and military education and training may be  
14          provided pursuant to subparagraph (A) of this para-  
15          graph—

16               “(i) not more than \$75,000,000 of which  
17               may be provided from the drawdown from the  
18               inventory and resources of the Department of  
19               Defense;

20               “(ii) not more than \$75,000,000 of which  
21               may be provided pursuant to clause (i)(I) of  
22               such subparagraph; and

23               “(iii) not more than \$15,000,000 of which  
24               may be provided to Vietnam, Cambodia, and

1 Laos pursuant to clause (ii) of such subpara-  
2 graph.”; and

(c) NOTICE TO CONGRESS OF EXERCISE OF SPECIAL  
AUTHORITIES.—Section 652 of such Act (22 U.S.C.  
2411) is amended by striking “prior to the date” and in-  
serting “before”.

(a) IN GENERAL.—Section 516 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j) is amended to read as follows:

21       “(a) AUTHORIZATION.—The President is authorized  
22 to transfer excess defense articles under this section to  
23 countries for which receipt of such articles was justified  
24 pursuant to the annual congressional presentation docu-  
25 ments for military assistance programs, or for programs

## 10

1 under chapter 8 of part I of this Act, submitted under  
2 section 634 of this Act, or for which receipt of such arti-  
3 cles was separately justified to the Congress, for the fiscal  
4 year in which the transfer is authorized.

5 “(b) LIMITATIONS ON TRANSFERS.—The President  
6 may transfer excess defense articles under this section  
7 only if—

8 “(1) such articles are drawn from existing  
9 stocks of the Department of Defense;

10 “(2) funds available to the Department of De-  
11 fense for the procurement of defense equipment are  
12 not expended in connection with the transfer;

13 “(3) the transfer of such articles will not have  
14 an adverse impact on the military readiness of the  
15 United States;

16 “(4) with respect to a proposed transfer of such  
17 articles on a grant basis, such a transfer is pref-  
18 erable to a transfer on a sales basis, after taking  
19 into account the potential proceeds from, and likeli-  
20 hood of, such sales, and the comparative foreign pol-  
21 icy benefits that may accrue to the United States as  
22 the result of a transfer on either a grant or sales  
23 basis;

24 “(5) the President determines that the transfer  
25 of such articles will not have an adverse impact on

## 11

1 the national technology and industrial base and, par-  
2 ticularly, will not reduce the opportunities of entities  
3 in the national technology and industrial base to sell  
4 new or used equipment to the countries to which  
5 such articles are transferred; and

6 “(6) the transfer of such articles is consistent  
7 with the policy framework for the Eastern Medi-  
8 terranean established under section 620C of this  
9 Act.

10 “(c) TERMS OF TRANSFERS.—

11 “(1) NO COST TO RECIPIENT COUNTRY.—Ex-  
12 cess defense articles may be transferred under this  
13 section without cost to the recipient country.

14 “(2) PRIORITY.—Notwithstanding any other  
15 provision of law, the delivery of excess defense arti-  
16 cles under this section to member countries of the  
17 North Atlantic Treaty Organization (NATO) on the  
18 southern and southeastern flank of NATO and to  
19 major non-NATO allies on such southern and south-  
20 eastern flank shall be given priority to the maximum  
21 extent feasible over the delivery of such excess de-  
22 fense articles to other countries.

23 “(d) WAIVER OF REQUIREMENT FOR REIMBURSE-  
24 MENT OF DEPARTMENT OF DEFENSE EXPENSES.—Sec-  
25 tion 632(d) shall not apply with respect to transfers of

## 12

1 excess defense articles (including transportation and relat-  
2 ed costs) under this section.

3 “(e) TRANSPORTATION AND RELATED COSTS.—

4 “(1) IN GENERAL.—Except as provided in para-  
5 graph (2), funds available to the Department of De-  
6 fense may not be expended for crating, packing,  
7 handling, and transportation of excess defense arti-  
8 cles transferred under the authority of this section.

9 “(2) EXCEPTION.—The President may provide  
10 for the transportation of excess defense articles with-  
11 out charge to a country for the costs of such trans-  
12 portation if—

13 “(A) it is determined that it is in the na-  
14 tional interest of the United States to do so;

15 “(B) the recipient is a developing country  
16 receiving less than \$10,000,000 of assistance  
17 under chapter 5 of part II of this Act (relating  
18 to international military education and train-  
19 ing) or section 23 of the Arms Export Control  
20 Act (22 U.S.C. 2763; relating to the Foreign  
21 Military Financing program) in the fiscal year  
22 in which the transportation is provided;

23 “(C) the total weight of the transfer does  
24 not exceed 25,000 pounds; and

1                   “(D) such transportation is accomplished  
2                   on a space available basis.

3                   “(f) ADVANCE NOTIFICATION TO CONGRESS FOR  
4 TRANSFER OF CERTAIN EXCESS DEFENSE ARTICLES.—

5                   “(1) IN GENERAL.—The President may not  
6                   transfer excess defense articles that are significant  
7                   military equipment (as defined in section 47(9) of  
8                   the Arms Export Control Act) or excess defense arti-  
9                   cles valued (in terms of original acquisition cost) at  
10                  \$7,000,000 or more, under this section or under the  
11                  Arms Export Control Act (22 U.S.C. 2751 et seq.)  
12                  until 15 days after the date on which the President  
13                  has provided notice of the proposed transfer to the  
14                  congressional committees specified in section  
15                  634A(a) in accordance with procedures applicable to  
16                  reprogramming notifications under that section.

17                  “(2) CONTENTS.—Such notification shall in-  
18                  clude—

19                         “(A) a statement outlining the purposes  
20                         for which the article is being provided to the  
21                         country, including whether such article has  
22                         been previously provided to such country;

23                         “(B) an assessment of the impact of the  
24                         transfer on the military readiness of the United  
25                         States;

## 14

1           “(C) an assessment of the impact of the  
2           transfer on the national technology and indus-  
3           trial base and, particularly, the impact on op-  
4           portunities of entities in the national technology  
5           and industrial base to sell new or used equip-  
6           ment to the countries to which such articles are  
7           to be transferred; and

8           “(D) a statement describing the current  
9           value of such article and the value of such arti-  
10          cle at acquisition.

11          “(g) AGGREGATE ANNUAL LIMITATION.—

12           “(1) IN GENERAL.—The aggregate value of ex-  
13          cess defense articles transferred to countries under  
14          this section in any fiscal year may not exceed  
15          \$350,000,000.

16           “(2) EFFECTIVE DATE.—The limitation con-  
17          tained in paragraph (1) shall apply only with respect  
18          to fiscal years beginning after fiscal year 1996.

19          “(h) CONGRESSIONAL PRESENTATION DOCU-  
20          MENTS.—Documents described in subsection (a) justifying  
21          the transfer of excess defense articles shall include an ex-  
22          planation of the general purposes of providing excess de-  
23          fense articles as well as a table which provides an aggre-  
24          gate annual total of transfers of excess defense articles  
25          in the preceding year by country in terms of offers and

1 actual deliveries and in terms of acquisition cost and cur-  
2 rent value. Such table shall indicate whether such excess  
3 defense articles were provided on a grant or sale basis.

4 “(i) EXCESS COAST GUARD PROPERTY.—For pur-  
5 poses of this section, the term ‘excess defense articles’  
6 shall be deemed to include excess property of the Coast  
7 Guard, and the term ‘Department of Defense’ shall be  
8 deemed, with respect to such excess property, to include  
9 the Coast Guard.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) ARMS EXPORT CONTROL ACT.—Section  
12 21(k) of the Arms Export Control Act (22 U.S.C.  
13 2761(k)) is amended by striking “the President  
14 shall” and all that follows and inserting the follow-  
15 ing: “the President shall determine that the sale of  
16 such articles will not have an adverse impact on the  
17 national technology and industrial base and, particu-  
18 larly, will not reduce the opportunities of entities in  
19 the national technology and industrial base to sell  
20 new or used equipment to the countries to which  
21 such articles are transferred.”.

22 (2) REPEALS.—The following provisions of law  
23 are hereby repealed:

24 (A) Section 502A of the Foreign Assist-  
25 ance Act of 1961 (22 U.S.C. 2303).

16

1 (B) Sections 517 through 520 of the For-  
 2 eign Assistance Act of 1961 (22 U.S.C. 2321k  
 3 through 2321n).

4 (C) Section 31(d) of the Arms Export Con-  
 5 trol Act (22 U.S.C. 2771(d)).

6 **SEC. 105. EXCESS DEFENSE ARTICLES FOR CERTAIN EURO-**  
 7 **PEAN COUNTRIES.**

8 Notwithstanding section 516(e) of the Foreign As-  
 9 sistance Act of 1961, during each of the fiscal years 1996  
 10 and 1997, funds available to the Department of Defense  
 11 may be expended for crating, packing, handling, and  
 12 transportation of excess defense articles transferred under  
 13 the authority of section 516 of such Act to countries that  
 14 are eligible to participate in the Partnership for Peace and  
 15 that are eligible for assistance under the Support for East  
 16 European Democracy (SEED) Act of 1989.

17 **CHAPTER 2—INTERNATIONAL MILITARY**  
 18 **EDUCATION AND TRAINING**

19 **SEC. 111. ASSISTANCE FOR INDONESIA.**

20 Funds made available for fiscal years 1996 and 1997  
 21 to carry out chapter 5 of part II of the Foreign Assistance  
 22 Act of 1961 (22 U.S.C. 2347 et seq.) may be obligated  
 23 for Indonesia only for expanded military and education  
 24 training that meets the requirements of clauses (i)

1 through (iv) of the second sentence of section 541 of such  
2 Act (22 U.S.C. 2347).

3 SEC. 112. ADDITIONAL REQUIREMENTS.

4 (a) GENERAL AUTHORITY.—Section 541 of the For-  
5 eign Assistance Act of 1961 (22 U.S.C. 2347) is amended  
6 in the second sentence in the matter preceding clause (i)  
7 by inserting “and individuals who are not members of the  
8 government” after “legislators”.

9 (b) EXCHANGE TRAINING.—Section 544 of such Act  
10 (22 U.S.C. 2347c) is amended—

11 (1) by striking “In carrying out this chapter”  
12 and inserting “(a) In carrying out this chapter”; and  
13 (2) by adding at the end the following new sub-  
14 section:

15 “(b) The President may provide for the attendance  
16 of foreign military and civilian defense personnel at flight  
17 training schools and programs (including test pilot  
18 schools) in the United States without charge, and without  
19 charge to funds available to carry out this chapter (not-  
20 withstanding section 632(d) of this Act), if such attend-  
21 ance is pursuant to an agreement providing for the ex-  
22 change of students on a one-for-one basis each fiscal year  
23 between those United States flight training schools and  
24 programs (including test pilot schools) and comparable

1 flight training schools and programs of foreign coun-  
2 tries.”.

3 (c) ASSISTANCE FOR CERTAIN HIGH-INCOME FOR-  
4 EIGN COUNTRIES.—

5 (1) AMENDMENT TO THE FOREIGN ASSISTANCE  
6 ACT OF 1961.—Chapter 5 of part II of such Act (22  
7 U.S.C. 2347 et seq.) is amended by adding at the  
8 end the following new section:

9 “SEC. 546. PROHIBITION ON GRANT ASSISTANCE FOR CER-  
10 TAIN HIGH INCOME FOREIGN COUNTRIES.

11 “(a) IN GENERAL.—None of the funds made avail-  
12 able for a fiscal year for assistance under this chapter may  
13 be made available for assistance on a grant basis for any  
14 of the high-income foreign countries described in sub-  
15 section (b) for military education and training of military  
16 and related civilian personnel of such country.

17 “(b) HIGH-INCOME FOREIGN COUNTRIES DE-  
18 SCRIBED.—The high-income foreign countries described in  
19 this subsection are Austria, Finland, the Republic of  
20 Korea, Singapore, and Spain.”.

21 (2) AMENDMENT TO THE ARMS EXPORT CON-  
22 TROL ACT.—Section 21(a)(1)(C) of the Arms Export  
23 Control Act (22 U.S.C. 2761) is amended by insert-  
24 ing “or to any high-income foreign country (as de-

scribed in that chapter)” after “Foreign Assistance Act of 1961”.

### CHAPTER 3—ANTITERRORISM ASSISTANCE

#### SEC. 121. ANTITERRORISM TRAINING ASSISTANCE.

(a) IN GENERAL.—Section 571 of the Foreign Assistance Act of 1961 (22 U.S.C. 2349aa) is amended by striking “Subject to the provisions of this chapter” and inserting “Notwithstanding any other provision of law that restricts assistance to foreign countries (other than sections 502B and 620A of this Act)”.

(b) LIMITATIONS.—Section 573 of such Act (22 U.S.C. 2349aa-2) is amended—

(1) in the heading, by striking “SPECIFIC AUTHORITIES AND”;

(2) by striking subsection (a);

(3) by redesignating subsections (b) through (f) as subsections (a) through (e), respectively; and

(4) in subsection (c) (as redesignated)—

(A) by striking paragraphs (1) and (2);

(B) by redesignating paragraphs (3) through (5) as paragraphs (1) through (3), respectively; and

(C) by amending paragraph (2) (as redesignated) to read as follows:

## 20

1       “(2)(A) Except as provided in subparagraph (B),  
2 funds made available to carry out this chapter shall not  
3 be made available for the procurement of weapons and am-  
4 munition.

5       “(B) Subparagraph (A) shall not apply to small arms  
6 and ammunition in categories I and III of the United  
7 States Munitions List that are integrally and directly re-  
8 lated to antiterrorism training provided under this chapter  
9 if, at least 15 days before obligating those funds, the  
10 President notifies the appropriate congressional commit-  
11 tees specified in section 634A of this Act in accordance  
12 with the procedures applicable to reprogramming notifica-  
13 tions under such section.

14       “(C) The value (in terms of original acquisition cost)  
15 of all equipment and commodities provided under this  
16 chapter in any fiscal year may not exceed 25 percent of  
17 the funds made available to carry out this chapter for that  
18 fiscal year.”.

19       (c) ANNUAL REPORT.—Section 574 of such Act (22  
20 U.S.C. 2349aa-3) is hereby repealed.

21       (d) TECHNICAL CORRECTIONS.—Section 575 (22  
22 U.S.C. 2349aa-4) and section 576 (22 U.S.C. 2349aa-  
23 5) of such Act are redesignated as sections 574 and 575,  
24 respectively.

## 21

## 1 SEC. 122. RESEARCH AND DEVELOPMENT EXPENSES.

2 Funds made available for fiscal years 1996 and 1997  
 3 to carry out chapter 8 of part II of the Foreign Assistance  
 4 Act of 1961 (22 U.S.C. 2349aa et seq.; relating to  
 5 antiterrorism assistance) may be made available to the  
 6 Technical Support Working Group of the Department of  
 7 State for research and development expenses related to  
 8 contraband detection technologies or for field demonstra-  
 9 tions of such technologies (whether such field demonstra-  
 10 tions take place in the United States or outside the United  
 11 States).

12 **CHAPTER 4—NARCOTICS CONTROL**  
 13 **ASSISTANCE**

## 14 SEC. 131. ADDITIONAL REQUIREMENTS.

15 (a) POLICY AND GENERAL AUTHORITIES.—Section  
 16 481(a) of the Foreign Assistance Act (22 U.S.C. 2291(a))  
 17 is amended—

18 (1) in paragraph (1)—

19 (A) by redesignating subparagraphs (D)  
 20 through (F) as subparagraphs (E) through (G),  
 21 respectively; and

22 (B) by inserting after subparagraph (C)  
 23 the following new subparagraph:

24 “(D) International criminal activities, particu-  
 25 larly international narcotics trafficking, money laun-  
 26 dering, and corruption, endanger political and eco-

1        nomic stability and democratic development, and as-  
2        sistance for the prevention and suppression of inter-  
3        national criminal activities should be a priority for  
4        the United States.”; and

5            (2) in paragraph (4), by adding before the pe-  
6        riod at the end the following: “, or for other  
7        anticrime purposes”.

8        (b) CONTRIBUTIONS AND REIMBURSEMENT.—Sec-  
9        tion 482(c) of that Act (22 U.S.C. 2291a(c)) is amend-  
10      ed—

11            (1) by striking “CONTRIBUTION BY RECIPIENT  
12        COUNTRY.—To” and inserting “CONTRIBUTIONS  
13        AND REIMBURSEMENT.—(1) To”; and

14            (2) by adding at the end the following new  
15        paragraphs:

16        “(2)(A) The President is authorized to accept con-  
17        tributions from foreign governments to carry out the pur-  
18        poses of this chapter. Such contributions shall be depos-  
19        ited as an offsetting collection to the applicable appropria-  
20        tion account and may be used under the same terms and  
21        conditions as funds appropriated pursuant to this chapter.

22        “(B) At the time of submission of the annual congres-  
23        sional presentation documents required by section 634(a),  
24        the President shall provide a detailed report on any con-  
25        tributions received in the preceding fiscal year, the amount

1 of such contributions, and the purposes for which such  
2 contributions were used.

3       “(3) The President is authorized to provide assist-  
4 ance under this chapter on a reimbursable basis. Such re-  
5 imbursements shall be deposited as an offsetting collection  
6 to the applicable appropriation and may be used under the  
7 same terms and conditions as funds appropriated pursu-  
8 ant to this chapter.”.

9       (c) IMPLEMENTATION OF LAW ENFORCEMENT AS-  
10 SISTANCE.—Section 482 of such Act (22 U.S.C. 2291a)  
11 is amended by adding at the end the following new sub-  
12 sections:

13       “(f) TREATMENT OF FUNDS.—Funds transferred to  
14 and consolidated with funds appropriated pursuant to this  
15 chapter may be made available on such terms and condi-  
16 tions as are applicable to funds appropriated pursuant to  
17 this chapter. Funds so transferred or consolidated shall  
18 be apportioned directly to the bureau within the Depart-  
19 ment of State responsible for administering this chapter.

20       “(g) EXCESS PROPERTY.—For purposes of this chap-  
21 ter, the Secretary of State may use the authority of section  
22 608, without regard to the restrictions of such section, to  
23 receive nonlethal excess property from any agency of the  
24 United States Government for the purpose of providing  
25 such property to a foreign government under the same

## 24

1 terms and conditions as funds authorized to be appro-  
2 priated for the purposes of this chapter.”.

3 **SEC. 132. NOTIFICATION REQUIREMENT.**

4 (a) **IN GENERAL.**—The authority of section 1003(d)  
5 of the National Narcotics Control Leadership Act of 1988  
6 (21 U.S.C. 1502(d)) may be exercised with respect to  
7 funds authorized to be appropriated pursuant to the For-  
8 eign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) and  
9 with respect to the personnel of the Department of State  
10 only to the extent that the appropriate congressional com-  
11 mittees have been notified 15 days in advance in accord-  
12 ance with the reprogramming procedures applicable under  
13 section 634A of that Act (22 U.S.C. 2394).

14 (b) **DEFINITION.**—For purposes of this section, the  
15 term “appropriate congressional committees” means the  
16 Committee on International Relations and the Committee  
17 on Appropriations of the House of Representatives and the  
18 Committee on Foreign Relations and the Committee on  
19 Appropriations of the Senate.

20 **SEC. 133. WAIVER OF RESTRICTIONS FOR NARCOTICS-RE-**  
21 **LATED ECONOMIC ASSISTANCE.**

22 For each of the fiscal years 1996 and 1997, narcot-  
23 ics-related assistance under part I of the Foreign Assist-  
24 ance Act of 1961 (22 U.S.C. 2151 et seq.) may be pro-  
25 vided notwithstanding any other provision of law that re-

1 stricts assistance to foreign countries (other than section  
 2 490(e) or section 502B of that Act (22 U.S.C. 2291j(e)  
 3 and 2304)) if, at least 15 days before obligating funds  
 4 for such assistance, the President notifies the appropriate  
 5 congressional committees (as defined in section 481(e) of  
 6 that Act (22 U.S.C. 2291(e))) in accordance with the pro-  
 7 cedures applicable to reprogramming notifications under  
 8 section 634A of that Act (22 U.S.C. 2394).

## 9 **CHAPTER 5—OTHER PROVISIONS**

### 10 **SEC. 141. STANDARDIZATION OF CONGRESSIONAL REVIEW**

#### 11 **PROCEDURES FOR ARMS TRANSFERS.**

12 (a) **THIRD COUNTRY TRANSFERS UNDER FMS**  
 13 **SALES.**—Section 3(d)(2) of the Arms Export Control Act  
 14 (22 U.S.C. 2753(d)(2)) is amended—

15 (1) in subparagraph (A), by striking “, as pro-  
 16 vided for in sections 36(b)(2) and 36(b)(3) of this  
 17 Act”;

18 (2) in subparagraph (B), by striking “law” and  
 19 inserting “joint resolution”; and

20 (3) by adding at the end the following:

21 “(C) If the President states in his certification under  
 22 subparagraph (A) or (B) that an emergency exists which  
 23 requires that consent to the proposed transfer become ef-  
 24 fective immediately in the national security interests of the  
 25 United States, thus waiving the requirements of that sub-

1 paragraph, the President shall set forth in the certification  
2 a detailed justification for his determination, including a  
3 description of the emergency circumstances which neces-  
4 sitate immediate consent to the transfer and a discussion  
5 of the national security interests involved.

6 “(D)(i) Any joint resolution under this paragraph  
7 shall be considered in the Senate in accordance with the  
8 provisions of section 601(b) of the International Security  
9 Assistance and Arms Export Control Act of 1976.

10 “(ii) For the purpose of expediting the consideration  
11 and enactment of joint resolutions under this paragraph,  
12 a motion to proceed to the consideration of any such joint  
13 resolution after it has been reported by the appropriate  
14 committee shall be treated as highly privileged in the  
15 House of Representatives.”.

16 (b) THIRD COUNTRY TRANSFERS UNDER COMMER-  
17 CIAL SALES.—Section 3(d)(3) of such Act (22 U.S.C.  
18 2753(d)(3)) is amended—

19 (1) by inserting “(A)” after “(3)”;

20 (2) in the first sentence—

21 (A) by striking “at least 30 calendar  
22 days”; and

23 (B) by striking “report” and inserting  
24 “certification”; and

1           (3) by striking the last sentence and inserting  
2       the following: "Such certification shall be submit-  
3       ted—

4           “(i) at least 15 calendar days before such con-  
5       sent is given in the case of a transfer to a country  
6       which is a member of the North Atlantic Treaty Or-  
7       ganization or Australia, Japan, or New Zealand; and

8           “(ii) at least 30 calendar days before such con-  
9       sent is given in the case of a transfer to any other  
10      country,

11     unless the President states in his certification that an  
12     emergency exists which requires that consent to the pro-  
13     posed transfer become effective immediately in the na-  
14     tional security interests of the United States. If the Presi-  
15     dent states in his certification that such an emergency ex-  
16     ists (thus waiving the requirements of clause (i) or (ii),  
17     as the case may be, and of subparagraph (B)) the Presi-  
18     dent shall set forth in the certification a detailed justifica-  
19     tion for his determination, including a description of the  
20     emergency circumstances which necessitate that consent  
21     to the proposed transfer become effective immediately and  
22     a discussion of the national security interests involved.

23       “(B) Consent to a transfer subject to subparagraph  
24     (A) shall become effective after the end of the 15-day or  
25     30-day period specified in subparagraph (A)(i) or (ii), as

1 the case may be, only if the Congress does not enact, with-  
2 in that period, a joint resolution prohibiting the proposed  
3 transfer.

4 “(C)(i) Any joint resolution under this paragraph  
5 shall be considered in the Senate in accordance with the  
6 provisions of section 601(b) of the International Security  
7 Assistance and Arms Export Control Act of 1976.

8 “(ii) For the purpose of expediting the consideration  
9 and enactment of joint resolutions under this paragraph,  
10 a motion to proceed to the consideration of any such joint  
11 resolution after it has been reported by the appropriate  
12 committee shall be treated as highly privileged in the  
13 House of Representatives.”.

14 (c) COMMERCIAL SALES.—Section 36(c)(2) of such  
15 Act (22 U.S.C. 2776(c)(2)) is amended by amending sub-  
16 paragraphs (A) and (B) to read as follows:

17 “(A) in the case of a license for an export to  
18 the North Atlantic Treaty Organization, any mem-  
19 ber country of that Organization or Australia,  
20 Japan, or New Zealand, shall not be issued until at  
21 least 15 calendar days after the Congress receives  
22 such certification, and shall not be issued then if the  
23 Congress, within that 15-day period, enacts a joint  
24 resolution prohibiting the proposed export; and

1           “(B) in the case of any other license, shall not  
2       be issued until at least 30 calendar days after the  
3       Congress receives such certification, and shall not be  
4       issued then if the Congress, within that 30-day pe-  
5       riod, enacts a joint resolution prohibiting the pro-  
6       posed export.”.

7       (d) COMMERCIAL MANUFACTURING AGREEMENTS.—  
8       Section 36(d) of such Act (22 U.S.C. 2776(d)) is amend-  
9       ed—

10           (1) by inserting “(1)” after “(d)”; .

11           (2) by striking “for or in a country not a mem-  
12       ber of the North Atlantic Treaty Organization”; and

13           (3) by adding at the end the following:

14       “(2) A certification under this subsection shall be  
15       submitted—

16           “(A) at least 15 days before approval is given  
17       in the case of an agreement for or in a country  
18       which is a member of the North Atlantic Treaty Or-  
19       ganization or Australia, Japan, or New Zealand; and

20           “(B) at least 30 days before approval is given  
21       in the case of an agreement for or in any other  
22       country;

23       unless the President states in his certification that an  
24       emergency exists which requires the immediate approval

1 of the agreement in the national security interests of the  
2 United States.

3       “(3) If the President states in his certification that  
4 an emergency exists which requires the immediate ap-  
5 proval of the agreement in the national security interests  
6 of the United States, thus waiving the requirements of  
7 paragraph (4), he shall set forth in the certification a de-  
8 tailed justification for his determination, including a de-  
9 scription of the emergency circumstances which neces-  
10 sitate the immediate approval of the agreement and a dis-  
11 cussion of the national security interests involved.

12       “(4) Approval for an agreement subject to paragraph  
13 (1) may not be given under section 38 if the Congress,  
14 within the 15-day or 30-day period specified in paragraph  
15 (2)(A) or (B), as the case may be, enacts a joint resolution  
16 prohibiting such approval.

17       “(5)(A) Any joint resolution under paragraph (4)  
18 shall be considered in the Senate in accordance with the  
19 provisions of section 601(b) of the International Security  
20 Assistance and Arms Export Control Act of 1976.

21       “(B) For the purpose of expediting the consideration  
22 and enactment of joint resolutions under paragraph (4),  
23 a motion to proceed to the consideration of any such joint  
24 resolution after it has been reported by the appropriate

1 committee shall be treated as highly privileged in the  
2 House of Representatives.”.

3 (e) GOVERNMENT-TO-GOVERNMENT LEASES.—

4 (1) CONGRESSIONAL REVIEW PERIOD.—Section  
5 62 of such Act (22 U.S.C. 2796a) is amended—

6 (A) in subsection (a), by striking “Not less  
7 than 30 days before” and inserting “Before”;

8 (B) in subsection (b)—

9 (i) by striking “determines, and im-  
10 mediately reports to the Congress” and in-  
11 serting “states in his certification”; and

12 (ii) by adding at the end of the sub-  
13 section the following: “If the President  
14 states in his certification that such an  
15 emergency exists, he shall set forth in the  
16 certification a detailed justification for his  
17 determination, including a description of  
18 the emergency circumstances which neces-  
19 sitate that the lease be entered into imme-  
20 diately and a discussion of the national se-  
21 curity interests involved.”; and

22 (C) by adding at the end of the section the  
23 following:

24 “(c) The certification required by subsection (a) shall  
25 be transmitted—

1           “(1) not less than 15 calendar days before the  
2           agreement is entered into or renewed in the case of  
3           an agreement with the North Atlantic Treaty Orga-  
4           nization, any member country of that Organization  
5           or Australia, Japan, or New Zealand; and

6           “(2) not less than 30 calendar days before the  
7           agreement is entered into or renewed in the case of  
8           an agreement with any other organization or coun-  
9           try.”.

10           (2) CONGRESSIONAL DISAPPROVAL.—Section  
11           63(a) of such Act (22 U.S.C. 2796b(a)) is amend-  
12           ed—

13                   (A) by striking “(a)(1)” and inserting  
14                   “(a)”;

15                   (B) by striking out the “30 calendar days  
16                   after receiving the certification with respect to  
17                   that proposed agreement pursuant to section  
18                   62(a),” and inserting in lieu thereof “the 15-  
19                   day or 30-day period specified in section 62(c)  
20                   (1) or (2), as the case may be,”; and

21                   (C) by striking paragraph (2).

22           (f) EFFECTIVE DATE.—The amendments made by  
23           this section apply with respect to certifications required  
24           to be submitted on or after the date of the enactment of  
25           this Act.

1 SEC. 142. STANDARDIZATION OF THIRD COUNTRY TRANS-  
2 FERS OF DEFENSE ARTICLES.

3 Section 3 of the Arms Export Control Act (22 U.S.C.  
4 2753) is amended by inserting after subsection (a) the fol-  
5 lowing new subsection:

6 “(b) The consent of the President under paragraph  
7 (2) of subsection (a) or under paragraph (1) of section  
8 505(a) of the Foreign Assistance Act of 1961 (as it relates  
9 to subparagraph (B) of such paragraph) shall not be re-  
10 quired for the transfer by a foreign country or inter-  
11 national organization of defense articles sold by the United  
12 States under this Act if—

13 “(1) such articles constitute components incor-  
14 porated into foreign defense articles;

15 “(2) the recipient is the government of a mem-  
16 ber country of the North Atlantic Treaty Organiza-  
17 tion, the Government of Australia, the Government  
18 of Japan, or the Government of New Zealand;

19 “(3) the recipient is not a country designated  
20 under section 620A of the Foreign Assistance Act of  
21 1961;

22 “(4) the United States-origin components are  
23 not—

24 “(A) significant military equipment (as de-  
25 fined in section 47(9));

1                   “(B) defense articles for which notification  
2                   to Congress is required under section 36(b);  
3                   and

4                   “(C) identified by regulation as Missile  
5                   Technology Control Regime items; and

6                   “(5) the foreign country or international orga-  
7                   nization provides notification of the transfer of the  
8                   defense articles to the United States Government  
9                   not later than 30 days after the date of such trans-  
10                  fer.”.

11 SEC. 143. INCREASED STANDARDIZATION, RATIONALIZA-  
12                   TION, AND INTEROPERABILITY OF ASSIST-  
13                   ANCE AND SALES PROGRAMS.

14                  Paragraph (6) of section 515(a) of the Foreign As-  
15                  sistance Act of 1961 (22 U.S.C. 2321i(a)(6)) is amended  
16                  by striking “among members of the North Atlantic Treaty  
17                  Organization and with the Armed Forces of Japan, Aus-  
18                  tralia, and New Zealand”.

19 SEC. 144. DEFINITION OF SIGNIFICANT MILITARY EQUIP-  
20                   MENT.

21                  Section 47 of the Arms Export Control Act (22  
22                  U.S.C. 2794) is amended—

23                   (1) in paragraph (7), by striking “and” at the  
24                  end;

35

1           (2) in paragraph (8), by striking the period at  
2           the end and inserting “; and”; and

3           (3) by adding at the end the following new  
4           paragraph:

5           “(9) ‘significant military equipment’ means articles—

6           “(A) for which special export controls are war-  
7           ranted because of the capacity of such articles for  
8           substantial military utility or capability; and

9           “(B) identified on the United States Munitions  
10          List.”.

11   **SEC. 145. ELIMINATION OF ANNUAL REPORTING REQUIRE-**  
12                                   **MENT RELATING TO THE SPECIAL DEFENSE**  
13                                   **ACQUISITION FUND.**

14          (a) **IN GENERAL.**—Section 53 of the Arms Export  
15   Control Act (22 U.S.C. 2795b) is hereby repealed.

16          (b) **CONFORMING AMENDMENT.**—Section 51(a)(4) of  
17   such Act (22 U.S.C. 2795(a)(4)) is amended—

18           (1) by striking “(a)”; and

19           (2) by striking subparagraph (B).

20   **SEC. 146. COST OF LEASED DEFENSE ARTICLES THAT HAVE**  
21                                   **BEEN LOST OR DESTROYED.**

22          Section 61(a)(4) of the Arms Export Control Act (22  
23   U.S.C. 2796(a)(4)) is amended by striking “and the re-  
24   placement cost” and all that follows and inserting the fol-

1 lowing: "and, if the articles are lost or destroyed while  
2 leased—

3 " (A) in the event the United States in-  
4 tends to replace the articles lost or destroyed,  
5 the replacement cost (less any depreciation in  
6 the value) of the articles; or

7 " (B) in the event the United States does  
8 not intend to replace the articles lost or de-  
9 stroyed, an amount not less than the actual  
10 value (less any depreciation in the value) speci-  
11 fied in the lease agreement."

12 **SEC. 147. DESIGNATION OF MAJOR NON-NATO ALLIES.**

13 (a) DESIGNATION.—

14 (1) NOTICE TO CONGRESS.—Chapter 2 of part  
15 II of the Foreign Assistance Act of 1961 (22 U.S.C.  
16 2311 et seq.), as amended by this Act, is further  
17 amended by adding at the end the following new sec-  
18 tion:

19 **"SEC. 517. DESIGNATION OF MAJOR NON-NATO ALLIES.**

20 "(a) NOTICE TO CONGRESS.—The President shall no-  
21 tify the Congress in writing at least 30 days before—

22 "(1) designating a country as a major non-  
23 NATO ally for purposes of this Act and the Arms  
24 Export Control Act (22 U.S.C. 2751 et seq.); or

25 "(2) terminating such a designation.

1       “(b) INITIAL DESIGNATIONS.—Australia, Egypt, Is-  
 2       rael, Japan, the Republic of Korea, and New Zealand shall  
 3       be deemed to have been so designated by the President  
 4       as of the effective date of this section, and the President  
 5       is not required to notify the Congress of such designation  
 6       of those countries.”.

7               (2) DEFINITION.—Section 644 of such Act (22  
 8       U.S.C. 2403) is amended by adding at the end the  
 9       following:

10       “(q) ‘Major non-NATO ally’ means a country which  
 11       is designated in accordance with section 517 as a major  
 12       non-NATO ally for purposes of this Act and the Arms Ex-  
 13       port Control Act (22 U.S.C. 2751 et seq.).”.

14               (3) EXISTING DEFINITIONS.—(A) The last sen-  
 15       tence of section 21(g) of the Arms Export Control  
 16       Act (22 U.S.C. 2761(g)) is repealed.

17               (B) Section 65(d) of such Act (22 U.S.C.  
 18       2796d(d)) is amended—

19                       (i) by striking “or major non-NATO”; and

20                       (ii) by striking out “or a” and all that fol-  
 21       lows through “Code”.

22               (b) COOPERATIVE TRAINING AGREEMENTS.—Section  
 23       21(g) of the Arms Export Control Act (22 U.S.C.  
 24       2761(g)) is amended in the first sentence by striking  
 25       “similar agreements” and all that follows through “other

1 countries" and inserting "similar agreements with coun-  
2 tries".

3 SEC. 148. CERTIFICATION THRESHOLDS.

4 (a) INCREASE IN DOLLAR THRESHOLDS.—The Arms  
5 Export Control Act (22 U.S.C. 2751 et seq.) is amended—

6 (1) in section 3(d) (22 U.S.C. 2753(d))—

7 (A) in paragraphs (1) and (3), by striking  
8 "\$14,000,000" each place it appears and in-  
9 serting "\$25,000,000"; and

10 (B) in paragraphs (1) and (3), by striking  
11 "\$50,000,000" each place it appears and in-  
12 serting "\$75,000,000";

13 (2) in section 36 (22 U.S.C. 2776)—

14 (A) in subsections (b)(1), (b)(5)(C), and  
15 (c)(1), by striking "\$14,000,000" each place it  
16 appears and inserting "\$25,000,000";

17 (B) in subsections (b)(1), (b)(5)(C), and  
18 (c)(1), by striking "\$50,000,000" each place it  
19 appears and inserting "\$75,000,000"; and

20 (C) in subsections (b)(1) and (b)(5)(C), by  
21 striking "\$200,000,000" each place it appears  
22 and inserting "\$300,000,000"; and

23 (3) in section 63(a) (22 U.S.C. 2796b(a))—

24 (A) by striking "\$14,000,000" and insert-  
25 ing "\$25,000,000"; and

39

1 (B) by striking “\$50,000,000” and insert-  
2 ing “\$75,000,000”.

3 (b) EFFECTIVE DATE.—The amendments made by  
4 subsection (a) apply with respect to certifications submit-  
5 ted on or after the date of the enactment of this Act.

6 SEC. 149. DEPLETED URANIUM AMMUNITION.

7 Chapter 1 of part III of the Foreign Assistance Act  
8 of 1961 (22 U.S.C. 2370 et seq.), as amended by this Act,  
9 is further amended by adding at the end the following new  
10 section:

11 “SEC. 620H. DEPLETED URANIUM AMMUNITION.

12 “(a) PROHIBITION.—Except as provided in sub-  
13 section (b), none of the funds made available to carry out  
14 this Act or any other Act may be made available to facili-  
15 tate in any way the sale of M-833 antitank shells or any  
16 comparable antitank shells containing a depleted uranium  
17 penetrating component to any country other than—

18 “(1) a country that is a member of the North  
19 Atlantic Treaty Organization;

20 “(2) a country that has been designated as a  
21 major non-NATO ally (as defined in section 644(q));  
22 or

23 “(3) Taiwan.

24 “(b) EXCEPTION.—The prohibition contained in sub-  
25 section (a) shall not apply with respect to the use of funds

1 to facilitate the sale of antitank shells to a country if the  
 2 President determines that to do so is in the national secu-  
 3 rity interest of the United States.”.

4 **SEC. 150. END-USE MONITORING OF DEFENSE ARTICLES**  
 5 **AND DEFENSE SERVICES.**

6 (a) IN GENERAL.—The Arms Export Control Act (22  
 7 U.S.C.2751 et seq.) is amended by inserting after chapter  
 8 3 the following new chapter:

9 **“CHAPTER 3A—END-USE MONITORING OF**  
 10 **DEFENSE ARTICLES AND DEFENSE**  
 11 **SERVICES**

12 **“SEC. 40A. END-USE MONITORING OF DEFENSE ARTICLES**  
 13 **AND DEFENSE SERVICES.**

14 **“(a) ESTABLISHMENT OF MONITORING PROGRAM.—**

15 **“(1) IN GENERAL.—**In order to improve ac-  
 16 countability with respect to defense articles and de-  
 17 fense services sold, leased, or exported under this  
 18 Act or the Foreign Assistance Act of 1961 (22  
 19 U.S.C. 2151 et seq.), the President shall establish a  
 20 program which provides for the end-use monitoring  
 21 of such articles and services.

22 **“(2) REQUIREMENTS OF PROGRAM.—**To the ex-  
 23 tent practicable, such program—

24 **“(A) shall provide for the end-use monitor-**  
 25 **ing of defense articles and defense services in**

1           accordance with the standards that apply for  
2           identifying high-risk exports for regular end-use  
3           verification developed under section 38(g)(7) of  
4           this Act (commonly referred to as the 'Blue  
5           Lantern' program); and

6           “(B) shall be designed to provide reason-  
7           able assurance that—

8                   “(i) the recipient is complying with  
9                   the requirements imposed by the United  
10                  States Government with respect to use,  
11                  transfers, and security of defense articles  
12                  and defense services; and

13                  “(ii) such articles and services are  
14                  being used for the purposes for which they  
15                  are provided.

16           “(b) CONDUCT OF PROGRAM.—In carrying out the  
17           program established under subsection (a), the President  
18           shall ensure that the program—

19                   “(1) provides for the end-use verification of de-  
20                   fense articles and defense services that incorporate  
21                   sensitive technology, defense articles and defense  
22                   services that are particularly vulnerable to diversion  
23                   or other misuse, or defense articles or defense serv-  
24                   ices whose diversion or other misuse could have sig-  
25                   nificant consequences; and

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1           “(2) prevents the diversion (through reverse en-  
2           gineering or other means) of technology incorporated  
3           in defense articles.

4           “(c) REPORT TO CONGRESS.—Not later than 6  
5           months after the date of the enactment of this section,  
6           and annually thereafter as a part of the annual congres-  
7           sional presentation documents submitted under section  
8           634 of the Foreign Assistance Act of 1961, the President  
9           shall transmit to the Congress a report describing the ac-  
10          tions taken to implement this section, including a detailed  
11          accounting of the costs and number of personnel associ-  
12          ated with the monitoring program.

13          “(d) THIRD COUNTRY TRANSFERS.—For purposes of  
14          this section, defense articles and defense services sold,  
15          leased, or exported under this Act or the Foreign Assist-  
16          ance Act of 1961 (22 U.S.C. 2151 et seq.) includes de-  
17          fense articles and defense services that are transferred to  
18          a third country or other third party.”.

19          “(b) EFFECTIVE DATE.—Section 40A of the Arms Ex-  
20          port Control Act, as added by subsection (a), applies with  
21          respect to defense articles and defense services provided  
22          before or after the date of the enactment of this Act.

1 SEC. 151. BROKERING ACTIVITIES RELATING TO COMMER-  
2 CIAL SALES OF DEFENSE ARTICLES AND  
3 SERVICES.

4 (a) IN GENERAL.—Section 38(b)(1)(A) of the Arms  
5 Export Control Act (22 U.S.C. 2778(b)(1)(A)) is amend-  
6 ed—

7 (1) in the first sentence, by striking “As pre-  
8 scribed in regulations” and inserting “(i) As pre-  
9 scribed in regulations”; and

10 (2) by adding at the end the following new  
11 clause:

12 “(ii)(I) As prescribed in regulations issued under this  
13 section, every person (other than an officer or employee  
14 of the United States Government acting in official capac-  
15 ity) who engages in the business of brokering activities  
16 with respect to the manufacture, export, import, or trans-  
17 fer of any defense article or defense service designated by  
18 the President under subsection (a)(1), or in the business  
19 of brokering activities with respect to the manufacture, ex-  
20 port, import, or transfer of any foreign defense article or  
21 defense service (as defined in subclause (IV)), shall reg-  
22 ister with the United States Government agency charged  
23 with the administration of this section, and shall pay a  
24 registration fee which shall be prescribed by such regula-  
25 tions.

1       “(II) Such brokering activities shall include the fi-  
2       nancing, transportation, freight forwarding, or taking of  
3       any other action that facilitates the manufacture, export,  
4       or import of a defense article or defense service.

5       “(III) No person may engage in the business of  
6       brokering activities described in subclause (I) without a  
7       license, issued in accordance with this Act, except that no  
8       license shall be required for such activities undertaken by  
9       or for an agency of the United States Government—

10       “(aa) for use by an agency of the United States  
11       Government; or

12       “(bb) for carrying out any foreign assistance or  
13       sales program authorized by law and subject to the  
14       control of the President by other means.

15       “(IV) For purposes of this clause, the term ‘foreign  
16       defense article or defense service’ includes any non-United  
17       States defense article or defense service of a nature de-  
18       scribed on the United States Munitions List regardless of  
19       whether such article or service is of United States origin  
20       or whether such article or service contains United States  
21       origin components.”.

22       (b) EFFECTIVE DATE.—Section 38(b)(1)(A)(ii) of  
23       the Arms Export Control Act, as added by subsection (a),  
24       shall apply with respect to brokering activities engaged in

45

1 beginning on or after 120 days after the enactment of this  
2 Act.

3 SEC. 152. RETURN AND EXCHANGES OF DEFENSE ARTICLES  
4 PREVIOUSLY TRANSFERRED PURSUANT TO  
5 THE ARMS EXPORT CONTROL ACT.

6 (a) REPAIR OF DEFENSE ARTICLES.—Section 21 of  
7 the Arms Export Control Act (22 U.S.C. 2761) is amend-  
8 ed by adding at the end the following new subsection:

9 “(1) REPAIR OF DEFENSE ARTICLES.—

10 “(1) IN GENERAL.—The President may acquire  
11 a repairable defense article from a foreign country  
12 or international organization if such defense arti-  
13 cle—

14 “(A) previously was transferred to such  
15 country or organization under this Act;

16 “(B) is not an end item; and

17 “(C) will be exchanged for a defense article  
18 of the same type that is in the stocks of the De-  
19 partment of Defense.

20 “(2) LIMITATION.—The President may exercise  
21 the authority provided in paragraph (1) only to the  
22 extent that the Department of Defense—

23 “(A)(i) has a requirement for the defense  
24 article being returned; and

1                   “(ii) has available sufficient funds author-  
2                   ized and appropriated for such purpose; or

3                   “(B)(i) is accepting the return of the de-  
4                   fense article for subsequent transfer to another  
5                   foreign government or international organiza-  
6                   tion pursuant to a letter of offer and acceptance  
7                   implemented in accordance with this Act; and

8                   “(ii) has available sufficient funds provided  
9                   by or on behalf of such other foreign govern-  
10                  ment or international organization pursuant to  
11                  a letter of offer and acceptance implemented in  
12                  accordance with this Act.

13               “(3) REQUIREMENT.—(A) The foreign govern-  
14               ment or international organization receiving a new  
15               or repaired defense article in exchange for a repair-  
16               able defense article pursuant to paragraph (1) shall,  
17               upon the acceptance by the United States Govern-  
18               ment of the repairable defense article being re-  
19               turned, be charged the total cost associated with the  
20               repair and replacement transaction.

21               “(B) The total cost charged pursuant to sub-  
22               paragraph (A) shall be the same as that charged the  
23               United States Armed Forces for a similar repair and  
24               replacement transaction, plus an administrative sur-

1 charge in accordance with subsection (e)(1)(A) of  
2 this section.

3 “(4) RELATIONSHIP TO CERTAIN OTHER PROVI-  
4 SIONS OF LAW.—The authority of the President to  
5 accept the return of a repairable defense article as  
6 provided in subsection (a) shall not be subject to  
7 chapter 137 of title 10, United States Code, or any  
8 other provision of law relating to the conclusion of  
9 contracts.”.

10 (b) RETURN OF DEFENSE ARTICLES.—Section 21 of  
11 such Act (22 U.S.C. 2761), as amended by this Act, is  
12 further amended by adding at the end the following new  
13 subsection:

14 “(m) RETURN OF DEFENSE ARTICLES.—

15 “(1) IN GENERAL.—The President may accept  
16 the return of a defense article from a foreign coun-  
17 try or international organization if such defense arti-  
18 cle—

19 “(A) previously was transferred to such  
20 country or organization under this Act;

21 “(B) is not significant military equipment  
22 (as defined in section 47(9) of this Act); and

23 “(C) is in fully functioning condition with-  
24 out need of repair or rehabilitation.

1           “(2) LIMITATION.—The President may exercise  
2           the authority provided in paragraph (1) only to the  
3           extent that the Department of Defense—

4           “(A)(i) has a requirement for the defense  
5           article being returned; and

6           “(ii) has available sufficient funds author-  
7           ized and appropriated for such purpose; or

8           “(B)(i) is accepting the return of the de-  
9           fense article for subsequent transfer to another  
10          foreign government or international organiza-  
11          tion pursuant to a letter of offer and acceptance  
12          implemented in accordance with this Act; and

13          “(ii) has available sufficient funds provided  
14          by or on behalf of such other foreign govern-  
15          ment or international organization pursuant to  
16          a letter of offer and acceptance implemented in  
17          accordance with this Act.

18          “(3) CREDIT FOR TRANSACTION.—Upon acqui-  
19          sition and acceptance by the United States Govern-  
20          ment of a defense article under paragraph (1), the  
21          appropriate Foreign Military Sales account of the  
22          provider shall be credited to reflect the transaction.

23          “(4) RELATIONSHIP TO CERTAIN OTHER PROVI-  
24          SIONS OF LAW.—The authority of the President to  
25          accept the return of a defense article as provided in

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1 paragraph (1) shall not be subject to chapter 137 of  
 2 title 10, United States Code, or any other provision  
 3 of law relating to the conclusion of contracts.”.

4 (c) REGULATIONS.—Under the direction of the Presi-  
 5 dent, the Secretary of Defense shall promulgate regula-  
 6 tions to implement subsections (l) and (m) of section 21  
 7 of the Arms Export Control Act, as added by this section.

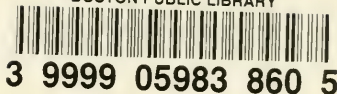
8 SEC. 153. NATIONAL SECURITY INTEREST DETERMINATION  
 9 TO WAIVE REIMBURSEMENT OF DEPRECIATION FOR LEASED DEFENSE ARTICLES.

10  
 11 (a) IN GENERAL.—Section 61(a) of the Arms Export  
 12 Control Act (22 U.S.C. 2796(a)) is amended—

13 (1) in the second sentence, by striking “, or to  
 14 any defense article which has passed three-quarters  
 15 of its normal service life”; and

16 (2) by inserting after the second sentence the  
 17 following new sentence: “The President may waive  
 18 the requirement of paragraph (4) for reimbursement  
 19 of depreciation for any defense article which has  
 ✓ 20 passed three-quarters of its normal life service if the  
 21 President determines that to do so is important to  
 22 the national security interest of the United States.”.

23 (b) EFFECTIVE DATE.—The third sentence of section  
 24 61(a) of the Arms Export Control Act, as added by sub-  
 25 section (a)(2), shall apply only with respect to a defense



1 article leased on or after the date of the enactment of this  
2 Act.

3 **TITLE II—TRANSFER OF NAVAL**  
4 **VESSELS TO CERTAIN FOR-**  
5 **IGN COUNTRIES**

6 **SEC. 201. AUTHORITY TO TRANSFER NAVAL VESSELS.**

7 (a) EGYPT.—The Secretary of the Navy is authorized  
8 to transfer to the Government of Egypt the “OLIVER  
9 HAZARD PERRY” frigate GALLERY. Such transfer  
10 shall be on a sales basis under section 21 of the Arms  
11 Export Control Act (22 U.S.C. 2761; relating to the for-  
12 eign military sales program).

13 (b) MEXICO.—The Secretary of the Navy is author-  
14 ized to transfer to the Government of Mexico the  
15 “KNOX” class frigates STEIN (FF 1065) and MARVIN  
16 SHIELDS (FF 1066). Such transfers shall be on a sales  
17 basis under section 21 of the Arms Export Control Act  
18 (22 U.S.C. 2761; relating to the foreign military sales pro-  
19 gram).

20 (c) NEW ZEALAND.—The Secretary of the Navy is  
21 authorized to transfer to the Government of New Zealand  
22 the “STALWART” class ocean surveillance ship TENA-  
23 CIOUS. Such transfer shall be on a sales basis under sec-  
24 tion 21 of the Arms Export Control Act (22 U.S.C. 2761;  
25 relating to the foreign military sales program).

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1 (d) PORTUGAL.—The Secretary of the Navy is au-  
2 thorized to transfer to the Government of Portugal the  
3 “STALWART” class ocean surveillance ship AUDA-  
4 CIOUS. Such transfer shall be on a grant basis under sec-  
5 tion 516 of the Foreign Assistance Act of 1961 (22 U.S.C.  
6 2321j; relating to transfers of excess defense articles).

7 (e) TAIWAN.—The Secretary of the Navy is author-  
8 ized to transfer to the Taipei Economic and Cultural Rep-  
9 resentative Office in the United States (which is the Tai-  
10 wan instrumentality designated pursuant to section 10(a)  
11 of the Taiwan Relations Act) the following:

12 (1) The “KNOX” class frigates AYLWIN (FF  
13 1081), PHARRIS (FF 1094), and VALDEZ (FF  
14 1096). Such transfers shall be on a sales basis under  
15 section 21 of the Arms Export Control Act (22  
16 U.S.C. 2761; relating to the foreign military sales  
17 program).

18 (2) The “NEWPORT” class tank landing ship  
19 NEWPORT (LST 1179). Such transfer shall be on  
20 a lease basis under section 61 of the Arms Export  
21 Control Act (22 U.S.C. 2796).

22 (f) THAILAND.—The Secretary of the Navy is author-  
23 ized to transfer to the Government of Thailand the  
24 “KNOX” class frigate OUELLET (FF 1077). Such  
25 transfer shall be on a sales basis under section 21 of the

1 Arms Export Control Act (22 U.S.C. 2761: relating to the  
2 foreign military sales program).

3 **SEC. 202. COSTS OF TRANSFERS.**

4 Any expense of the United States in connection with  
5 a transfer authorized by this title shall be charged to the  
6 recipient.

7 **SEC. 203. EXPIRATION OF AUTHORITY.**

8 The authority granted by section 201 shall expire at  
9 the end of the 2-year period beginning on the date of the  
10 enactment of this Act.

11 **SEC. 204. REPAIR AND REFURBISHMENT OF VESSELS IN**  
12 **UNITED STATES SHIPYARDS.**

13 The Secretary of the Navy shall require, to the maxi-  
14 mum extent possible, as a condition of a transfer of a ves-  
15 sel under this title, that the country to which the vessel  
16 is transferred have such repair or refurbishment of the  
17 vessel as is needed, before the vessel joins the naval forces  
18 of that country, performed at a shipyard located in the  
19 United States, including a United States Navy shipyard.



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